

Annual Report

SOURIS
VALLEY
OIL
CO. LTD.

(NO PERSONAL LIABILITY)

FOR THE YEAR ENDED APRIL 30TH

1957



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SOURIS VALLEY OIL CO. LTD.

(NO PERSONAL LIABILITY)

Head Office

620 King Edward St.
Winnipeg 12, Manitoba.

Capitalization

Authorized: 5,000,000 Shares of No Par Value
Issued and Fully Paid: 4,037,938 Shares of No Par Value.
Shares of the Company are listed on the
Winnipeg, Toronto and Canadian Stock Exchanges.

Directors

H. G. BAGNALL.....	Calgary	R. W. KELLY.....	Winnipeg
H. L. CARNAHAN.....	Slidell La.	W. M. LUTHY.....	Calgary
D. D. EWART.....	Montreal	H. S. SCARTH, Q.C.....	Winnipeg
E. G. SMITH.....	Montreal		

Officers

H. G. BAGNALL.....	President
R. W. KELLY.....	Vice-President & Managing Director
H. S. SCARTH, Q.C.....	Secretary-Treasurer

Registrar and Transfer Agent

MONTREAL TRUST COMPANY — Winnipeg, Toronto, Montreal and Calgary

Auditors

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants
Winnipeg

Directors' Report

To the Shareholders of Souris Valley Oil Co. Ltd.
(No Personal Liability)

Your Directors present herewith the audited accounts of the Company for the year ended April 30th, 1957 together with a report on the Company's operations.

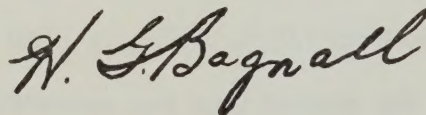
During the year under review, we are pleased to report that revenues from the sale of oil, after deducting royalties and well operating expenses have increased more than 250 per cent over the previous year. At the same time administrative and general expenses have been reduced by approximately 30 per cent.

During the past year, Souris has participated in the drilling of a five well exploration program in Southeastern Saskatchewan, which resulted in a discovery in the Lightning Creek area. Your Company's interest in this discovery ranges from 12½% to 25% in 1,920 acres in the near vicinity of the well. Up to the present time two successful development wells have been drilled, with plans for additional development in the near future. In Manitoba, one successful development well was drilled in the Daly Field and two in the Virden Roselea Field.

A large portion of the Company's leases in Southwestern Manitoba were due to expire in 1957, 1958 and 1959. The Company was successful during the past year in making deals with major companies whereby new ten year leases were obtained on the greater portion of this acreage. These leases were renewed at no cost to Souris and a 50% interest in most of these new leases has been retained by the Company. Some of our old leases however, had previously been top-leased by other Companies and could not be renewed. These leases are shown in the accompanying statement as "expired leases" in the amount of \$43,198.12.

During the last year, the Company has concentrated on increasing its revenue by development drilling, consolidating its land position, and has participated in a modest exploration program. The policy for the ensuing year will be the development of proven or semi-proven lands and the drilling of a minimum of wildcat wells, commensurate with our earnings. Your Directors, therefore, look forward to a continued improvement in the Company's affairs.

Respectfully submitted on behalf of the Board,

A handwritten signature in cursive script, reading "W. L. Bagnall". The signature is written in dark ink and is positioned above the printed name "President".

President

Winnipeg 12, Manitoba,

October 10th, 1957.

Properties and Development

ALBERTA	Gross Acres	Company Interest	Net Acres	No. of Producing Wells
Rochester	5,900	12½%	737	1 (gas well)
Hesketh	2,240	15%	336	
Leduc	440	15%	66	2

SASKATCHEWAN

South Central	23,730	100%	23,730	
South East	4,000	12½%	500	
Lightning Creek	1,920	12½% to 25%	300	2

MANITOBA

Daly	640	66 2/3% to 100%	533	13
North Virden	480	33 1/3%	160	3
Virden	2,400	33 1/3% to 100%	1,547	
Scarth	640	20% to 40%	192	
Elgin	8,160	100%	8,160	
South West	51,499	25% to 100%	29,393	
	<u>102,049</u>		<u>65,654</u>	

Royalties

Elgin	25,120	2½% to 5%	
Virden	260	5% to 12½%	7
South West	1,840	5%	
	<u>27,220</u>		<u>28</u> Total No. of Wells

Balance Sheet

SOURIS VALLEY

(NO PERSONAL)

as at 30th

Assets

Current Assets:

Cash on hand	\$	325.00
Cash in bank		11,419.89
Accounts receivable		57,630.43
Investments, at cost:		
Hydro-Electric Power Commission of Ontario Bonds, \$10,00.00 4 $\frac{1}{4}$ % due 15th July 1969 (Approximate market value at 30th April 1957, \$9,350.00)		10,000.00
The Toronto-Dominion Bank—Deposit receipts		125,000.00
Trans-Prairie Pipelines Ltd., 75 shares of no par value		487.50
(Approximate market value at 30th April 1957, \$2,100.00)		
Accrued interest on investments		172.97
Inventory of materials and supplies, valued at the lower of cost or market		33,332.43
Total Current Assets	\$	<u>238,368.22</u>

Properties, Plant and Equipment, at cost:

Lands, leaseholds, rights and development thereon:

Producing	\$	422,170.99
Non-producing		832,724.28
		<u>1,254,895.27</u>

Plant and equipment	\$241,106.46	
Less: Accumulated allowance for depreciation	<u>160,714.95</u>	80,391.51
		<u>1,335,286.78</u>

Prepaid Expenses		2,323.46
		<u>\$1,575,978.46</u>

IL CO. LTD.

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Liabilities

Current Liabilities:

Accounts payable \$ 24,747.32

Total Current Liabilities \$ 24,747.32

Capital Stock:

Authorized:

5,000,000 share of no par value

Issued and fully paid:

4,037,938 shares of no par value \$2,952,763.00

Deficit 1,401,531.86

1,551,231.14

\$1,575,978.46

Approved on behalf of the Board.

(Signed) H. ST. CLAIR SCARTH, Director.

(Signed) R. W. KELLY, Director.

Auditors' Report

The Shareholders,
Souris Valley Oil Co. Ltd.,
(No Personal Liability),
Winnipeg, Manitoba.

We have examined the books and accounts of Souris Valley Oil Co. Ltd. (No Personal Liability) for the year ended 30th April, 1957. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

To date the Company has made no estimate of the amount of oil in the ground with respect to producing properties, consequently no provision has been made in the accounts for depletion to 30th April, 1957. Subject to the foregoing, we have obtained all the information and explanations we have required and, in our opinion, the accompanying balance sheet and the related statement of profit and loss and deficit are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 30th April, 1957, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

All the transactions of the Company that have come to our notice during the year under review have been within the objects and powers of the Company to the best of our information and belief.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants.

Winnipeg, Manitoba,
25th July, 1957.

Statement of Profit and Loss and Deficit

SOURIS VALLEY OIL CO. LTD.

(NO PERSONAL LIABILITY)

FOR THE YEAR ENDED 30TH APRIL, 1957

(WITH COMPARATIVE FIGURES FOR THE PRIOR YEAR)

	1957	1956
Sales of production, less royalties	\$ 128,835.48	\$ 56,072.95
Deduct:		
Well operating expenses	37,178.71	30,041.38
General and administrative expenses	30,722.07	44,208.91
Lease rentals	25,113.22	39,256.06
Depreciation, plant and equipment	31,888.91	34,505.50
	124,902.91	148,011.85
Net Profit or (Loss) on operations	3,932.57	(91,938.90)
Other incomes:		
Profit on sale of investments	32,376.50	
Profit on sale of leasehold interests	7,778.76	
Interest on investments	2,967.03	5,596.47
Sundry	1,450.00	7,606.12
	44,572.29	13,202.59
	48,504.86	(78,736.31)
Other deductions:		
Exploration and unproductive development	25,177.82	94,557.14
Leasehold interests expired	43,198.12	
	68,375.94	94,557.14
Net Loss for the Year	19,871.08	173,293.45
Deficit as at 1st May	1,381,660.78	1,208,367.33
Deficit as at 30th April, carried to Balance Sheet	\$1,401,531.86	\$1,381,660.78

